

VZCZCXYZ0000
OO RUEHWEB

DE RUEHSO #0027 0141606
ZNY CCCCC ZZH
O 141606Z JAN 09
FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8873
RUEKJCS/SECDEF WASHDC IMMEDIATE
INFO RUEHBR/AMEMBASSY BRASILIA IMMEDIATE 0020
RUEHRI/AMCONSUL RIO DE JANEIRO IMMEDIATE 8984
RUEKJCS/JOINT STAFF WASHDC IMMEDIATE
RHEHNSC/NSC WASHDC IMMEDIATE
RUCPDOC/DEPT OF COMMERCE WASHINGTON DC IMMEDIATE

C O N F I D E N T I A L SAO PAULO 000027

SIPDIS

STATE FOR WHA, PM, PM/DTTC, AND PM/RSAT
DEFENSE FOR DEPSECDEF, USDP, USD AT&L

E.O. 12958: DECL: 01/13/2019

TAGS: PREL ETTC MARR BR
SUBJECT: FX2: VIEWS FROM AVIBRAS

REF: A. BRASILIA 41

1B. SAO PAULO 19

Classified By: POL/ECON CHIEF JAMES STORY FOR REASON 1.5 B AND D

11. (C) SUMMARY: On January 12, the Ambassador met with Sami Yousseff Hassuani, the President of Defense Contractor AVIBRAS, to discuss the company's views on the current Brazilian fighter competition. Hassuani stated that the final decision on the fighter will be largely a political determination based on the ability of Brazilian Air Force engineers and defense contractors to add domestic technology to the platform. He underscored that AVIBRAS is uniquely capable of designing, testing, and integrating weapons platforms onto the F-18 which could fulfill what he sees as the key to selling the F-18 in Brazil. Hassuani offered to weigh in with Defense Minister Jobim, but believes politically pressure at a higher level will be crucial for a successful bid. END SUMMARY.

12. (C) The January 12 meeting between the Ambassador and Sami Youseff Hassuani, President of Defense Contractor AVIBRAS, offered a wide-ranging discussion regarding the overall state of Brazil's "military industrial complex" as well as the role AVIBRAS plays in providing military hardware to the Brazilian government and for international export. While AVIBRAS is relatively small by international standards, fluctuating between 100-250 million USD in revenues, they have developed air to ground rocket and missile systems that have already been deployed on US manufactured aircraft such as government of Colombia Blackhawk helicopters.

13. (C) Hassuani articulated the three keys to a successful bid for this program: 1) a good product, 2) clarity in the rules and how access to technology will be granted, and 3) political support. Boeing, from his perspective, has to clear the second and third of these three key areas. Hassuani said that while it is clear the F-18 is the best performing and best tested system, this could actually hurt the bid as it is "obvious the Brazilian Air Force wants an independent role in helping to develop some of the technologies for the plane." He also stated that AVIBRAS is uniquely positioned to integrate Brazilian made weapons systems onto the platform.

14. (C) As noted ref A, politically, Hassuani sees the role of the Brazilian Air Force (particularly Brazilian Air Force Chief Juniti Saito) as being paramount in importance. However, he also sees an internal division between pilots and engineers in the Air Force where there is a philosophical debate over what is in Brazil's national interest: a proven fighter capable of multiple missions or an un-proven platform

such as the Gripen upon which Brazil can plus up a relatively small defense industry. Hassuani stated that even if the debate was resolved in favor of the F-18, the inability to add indigenous technology to the fighter could "doom its sale".

¶5. (C) Moving forward, Hassuani readily agreed to the Ambassador's suggestion that AVIBRAS needs to make it clear that they are not only capable of integrating their weapons platforms onto the F-18, but that it is in the best interest of the company. Hassuani indicated that he meets regularly with Defense Minister Jobim (approximately 10 times in 2008) and would voice his support for the F-18. He also stated that AVIBRAS would engage directly with the Brazilian Air Force in an attempt to persuade them to find in favor of the F-18; however, his ability to engage with President Lula on this topic is minimal.

¶6. (C) COMMENT: Hassuani and his company, AVIBRAS, are well-positioned to work with any of the various platforms under discussion. While he indicated a preference for the F-18 during this meeting, it remains unclear as to what extent Hassuani will be willing to engage with Minister Jobim and Air Force Chief Saito. Given the fact that we recently conducted a Blue Lantern check with this company (ref B), and AVIBRAS has a number of export licenses from the US waiting on verification, Hassuani may be more forthcoming, as regards his lobbying efforts, in principle than he will be in practice. END COMMENT.

¶7. (U) This cable was cleared by Ambassador Sobel.
WHITE